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INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Noble, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the government activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Noble, Oklahoma as of and for the year ended June 30, 2013, and the related notes to the financial, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1.B; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Noble, Oklahoma, as of June 30, 2013, and the respective changes in financial position—modified cash basis, and cash flows,

where applicable, thereof for the year then ended in accordance with the basis of accounting described in Note 1.C.

Basis of Accounting

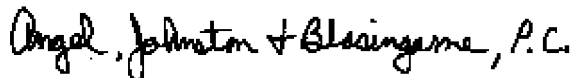
We draw your attention to Note 1.C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Noble, Oklahoma basic financial statements. The Management's Discussion and Analysis, and the Other Information as listed in the table of contents, which are the responsibility of management, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide other assurance on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Chickasha, Oklahoma
October 30, 2013

CITY OF NOBLE

Rose Rock Capital of the World

Management's Discussion and Analysis
Unaudited
June 30, 2013

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements.

The City as a Whole

The analysis below focuses on the net assets and changes in net position of the City's governmental and business-type activities.

	Net Position					
	Governmental		Business-type		Total	
	Activities		Activities		Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 1,011,419	\$ 1,199,476	\$ 1,000,246	\$ 846,049	\$ 2,011,665	\$ 2,045,525
Capital assets	4,688,808	4,044,627	4,983,620	4,781,055	9,672,428	8,825,682
Total Assets	<u>5,700,227</u>	<u>5,244,103</u>	<u>5,983,866</u>	<u>5,627,104</u>	<u>11,684,093</u>	<u>10,871,207</u>
Long-term debt	1,253,138	1,209,053	2,967,276	3,067,104	4,220,414	4,276,157
Other liabilities	58,667	2,833	237,258	99,282	295,925	102,115
Total Liabilities	<u>1,311,805</u>	<u>1,211,886</u>	<u>3,204,534</u>	<u>3,166,386</u>	<u>4,516,339</u>	<u>4,378,272</u>
Net position:						
Invested in capital assets						
net of debt	3,435,670	2,835,574	2,065,394	1,756,205	5,501,064	4,591,779
Restricted	606,311	1,035,232	381,564	352,948	987,875	1,388,180
Unrestricted	346,441	161,411	332,373	351,565	678,814	512,976
Total Net Position	<u>\$ 4,388,422</u>	<u>\$ 4,032,217</u>	<u>\$ 2,779,331</u>	<u>\$ 2,460,718</u>	<u>\$ 7,167,753</u>	<u>\$ 6,492,935</u>

The City as a Whole – (Continued)

		Change in Net Position					
		Governmental		Business-type		Total	
		Activities		Activities		Government	
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:							
Program revenues:							
Charges for services	\$	778,438	\$ 750,347	\$ 1,904,346	\$ 1,861,156	\$ 2,682,784	\$ 2,611,503
Federal grants		331,667	329,831		249,999	331,667	579,830
State grants/entitle			211,580			-	211,580
Donations						-	-
General revenues:						-	-
Property taxes		237,293	134,998			237,293	134,998
Other taxes		1,791,359	1,734,424			1,791,359	1,734,424
Other general rev.		89,943	125,887	18,230	8,665	108,173	134,552
Total revenues		<u>3,228,700</u>	<u>3,287,067</u>	<u>1,922,576</u>	<u>2,119,820</u>	<u>5,151,276</u>	<u>5,406,887</u>
Program expenses:							
Administration		259,524	270,190	101,971	83,262	361,495	353,452
Public Safety		2,129,123	972,686			2,129,123	972,686
Animal control			52,953			-	52,953
Fire/EMS			1,247,748			-	1,247,748
General government		131,732	149,188	228,762	196,792	360,494	345,980
Library		66,352	66,339			66,352	66,339
Community develop.						-	-
Parks		21,863	16,231			21,863	16,231
Streets		276,770	278,407			276,770	278,407
Water				551,078	463,378	551,078	463,378
Sewer				274,272	302,268	274,272	302,268
Sanitation				316,886	306,594	316,886	306,594
Interest L-T debt		32,480				32,480	-
Total expenses		<u>2,917,844</u>	<u>3,053,742</u>	<u>1,472,969</u>	<u>1,352,294</u>	<u>4,390,813</u>	<u>4,406,036</u>
Excess (deficiency)							
before transfers		310,856	233,325	449,607	767,526	760,463	1,000,851
Transfers		78,915	33,825	(78,915)	(33,825)	-	-
Increase (decrease)							
in net position		<u>389,771</u>	<u>267,150</u>	<u>370,692</u>	<u>733,701</u>	<u>760,463</u>	<u>1,000,851</u>

The City as a Whole – (Continued)

The Changes in Net Asset section continues to show improvement from year to year. Net Assets grew by \$674,818. This was brought about because of several capital projects that were funded by grants, a large tax bond issue and a general increase in operating revenues.

Governmental Activities

Governmental Activities include revenues and assets generated from taxes and intergovernmental sources and their offsetting program expenses. Governmental Activities in Noble include the General Fund, the Noble Emergency Medical Service and the Sinking Fund. Total Governmental Activity Revenues for 2013 showed a \$356,205 increase over 2012. Sales tax, which is the major funding source for General Fund, was slightly higher for 2013.

Business-Type Activities

Business-Type Activities include the assets and service fees from the sale of water, sewer, and sanitation service. The sanitation service is contracted out and continues to be a principal source of net income for the Noble Utility Authority. The Noble Public Works Department operates the water and wastewater system. 2013 showed an increase in Business-Type Activity net assets in the amount of \$318,613.

Highlights

A principal contributor to the positive growth in General Fund was the receipt of the proceeds for a General Obligation Bond Issue for Street Improvements. We received \$970,000 very late in the year before the project expenses were recorded. Otherwise the city did make normal capital improvements in most General Fund Departments. In the Business-Type Activities, final loan proceeds and payments for the balance of the prior year water improvement project (three new water wells et al), was the largest financial concern.

Capital Asset and Debt Administration

For the past ten years Noble has been financially challenged. However, we have steadily increased our net capital assets from year to year by watching spending and using grant income for most capital improvements. The city currently has very little short term bank debt. Noble has long term debt on the books for waste water loan which is scheduled to payout in 2017. Also, in 2013 Noble began payments on a new \$1.175 Million Water Improvement Project. Moderate rate increases that were approved for fiscal year 2013 are generating the revenues needed to offset the payments. Noble voters did approve a

G.O. Bond Issue for street improvements. This property tax funded capital improvement will drastically improve Noble's Streets while taking pressure off the General Fund. The Noble City Council also approved a \$3 monthly increase in EMS fees to Noble Residents. This also is having a very positive effect on the city's finances, even though the Noble EMS continues to operate heavily in the red.

Economic Factors and Next Year's Budget and Rates

The general attitude at Noble is optimistic. The 2014 budget was approved with conservative estimates for increases in sales tax and utility fees. We are planning to purchase new police cars with a capital lease. We also will have grant funds to help with a Waste Water Project and we will complete the \$1Million Street Improvement Project which is funded by G.O. Bonds.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the City Clerk's office.

See disclaimer in independent auditor's report.

BASIC FINANICAL STATEMENTS

CITY OF NOBLE, OKLAHOMA
Statement of Net Position - Modified Cash Basis
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,008,513	\$ 858,865	\$ 1,867,378
Investments		92,000	92,000
Due from Other Funds	2,906	331	3,237
Capitalized Interest		49,050	49,050
Capital Assets:			
Land and Other Non-depreciable Assets	364,578	73,500	438,078
Construction in Progress			-
Other capital assets, net	4,324,230	4,910,120	9,234,350
<i>Total Assets</i>	<u>5,700,227</u>	<u>5,983,866</u>	<u>11,684,093</u>
<u>Liabilities</u>			
Encumbrances Payable	57,692	136,684	194,376
Other Liabilities	(1,129)	382	(747)
Due to Other Funds		2,906	2,906
Due to Depositors	2,104	97,286	99,390
Long-Term Liabilities:			
Due within one year	149,867	402,006	551,873
Due in more than one year	1,103,271	2,565,270	3,668,541
<i>Total Liabilities</i>	<u>1,311,805</u>	<u>3,204,534</u>	<u>4,516,339</u>
<u>Net Position</u>			
Invested in Capital Assets, net of related debt	3,435,670	2,065,394	5,501,064
Restricted by:			
Enabling Legislation	141,338		141,338
Statutory requirements			-
Other Contracts	464,973	381,564	846,537
Unrestricted	346,441	332,373	678,814
<i>Total Net Position</i>	<u>\$ 4,388,422</u>	<u>\$ 2,779,331</u>	<u>\$ 7,167,753</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Activities - Modified Cash Basis
For the Year Ending June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Administration	\$ 259,524	\$	\$	\$	\$ (259,524)	\$ -	\$ (259,524)
Public Safety	2,129,123	704,525	16,984	1,365	(1,406,249)	-	(1,406,249)
Streets	276,770	38,657	59,026	229,292	50,205	-	50,205
General Government	131,732	32,881			(98,851)	-	(98,851)
Library	66,352				(66,352)	-	(66,352)
Parks	21,863	2,375		25,000	5,512	-	5,512
Interest Expense	32,480				(32,480)	-	(32,480)
<i>Total Governmental Activities</i>	<u>2,917,844</u>	<u>778,438</u>	<u>76,010</u>	<u>255,657</u>	<u>(1,807,739)</u>	<u>-</u>	<u>(1,807,739)</u>
Business-Type Activities:							
Administration	101,971		-	-	-	(101,971)	(101,971)
General Government	228,762		-	-	-	(228,762)	(228,762)
Water	551,078	855,073		-	-	303,995	303,995
Sewer	274,272	504,675	-	-	-	230,403	230,403
Sanitation	316,886	544,598	-	-	-	227,712	227,712
<i>Total Business-Type Activities</i>	<u>1,472,969</u>	<u>1,904,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>431,377</u>	<u>431,377</u>
<i>Total Primary Government</i>	<u>4,390,813</u>	<u>2,682,784</u>	<u>76,010</u>	<u>255,657</u>	<u>(1,807,739)</u>	<u>431,377</u>	<u>(1,376,362)</u>
General Revenues:							
Taxes:							
Sales Tax					1,458,260		1,458,260
Use Tax					69,733		69,733
Property Tax					237,293		237,293
Franchise Tax					261,547		261,547
E-911 Tax					1,819		1,819
Intergovernmental Revenue					35,854		35,854
Investment Income					5,494	3,118	8,612
Miscellaneous					48,595	15,112	63,707
Transfers - Internal Activity					78,915	(78,915)	-
<i>Total General Revenues and Transfers</i>					<u>2,197,510</u>	<u>(60,685)</u>	<u>2,136,825</u>
<i>Change in Net Position</i>					389,771	370,692	760,463
<i>Net Position - Beginning, restated</i>					<u>3,998,651</u>	<u>2,408,639</u>	<u>6,407,290</u>
<i>Net Position - Ending</i>					<u>\$ 4,388,422</u>	<u>\$ 2,779,331</u>	<u>\$ 7,167,753</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Assets, Liabilities, and Fund Equity
Governmental Funds - Modified Cash Basis
June 30, 2013

	<u>General Fund</u>	<u>Noble EMS Fund</u>	<u>Noble EMS District</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 885,645	\$ 38,347	\$ 70,091	\$ 994,083
Deposits with Insurance Pool	14,430			14,430
Due from Other Funds	<u>2,906</u>			<u>2,906</u>
<i>Total Assets</i>	<u><u>902,981</u></u>	<u><u>38,347</u></u>	<u><u>70,091</u></u>	<u><u>1,011,419</u></u>
<u>Liabilities</u>				
Encumbrances Payable	55,397	2,295		57,692
Court Bonds Payable	2,104			2,104
Payables	(1,304)	175		(1,129)
Due to Other Funds				<u>-</u>
<i>Total Liabilities</i>	<u>56,197</u>	<u>2,470</u>	<u>-</u>	<u>58,667</u>
<u>Fund Balances</u>				
Non Spendable			-	-
Restricted	536,220		70,091	606,311
Committed				-
Assigned	4,015	35,877		39,892
Unassigned	<u>306,549</u>			<u>306,549</u>
<i>Total Fund Balances</i>	<u>846,784</u>	<u>35,877</u>	<u>70,091</u>	<u>952,752</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$ 902,981</u></u>	<u><u>\$ 38,347</u></u>	<u><u>\$ 70,091</u></u>	<u><u>\$ 1,011,419</u></u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Modified Cash Basis
For the Year Ending June 30, 2013

	<u>General Fund</u>	<u>Noble EMS Fund</u>	<u>Noble EMS District</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 1,887,361	\$	\$ 141,291	\$ 2,028,652
Intergovernmental	367,521			367,521
Fines and Forfeitures	142,079			142,079
Licenses and Permits	35,825			35,825
Charges for Services	38,657	559,502		598,159
Investment Income	4,964	237	293	5,494
Miscellaneous	47,922	770		48,692
<i>Total Revenues</i>	<u>2,524,329</u>	<u>560,509</u>	<u>141,584</u>	<u>3,226,422</u>
Expenditures				
Current:				
Administration	231,320	25,704		257,024
Police	932,505			932,505
Animal Control	56,535			56,535
Fire/EMS	330,299	685,987		1,016,286
General Government	116,176			116,176
Library	23,271			23,271
Parks	10,429			10,429
Streets	225,444			225,444
Capital Outlay	919,254	284		919,538
Debt Service	63,030		52,562	115,592
<i>Total Expenditures</i>	<u>2,908,263</u>	<u>711,975</u>	<u>52,562</u>	<u>3,672,800</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(383,934)</u>	<u>(151,466)</u>	<u>89,022</u>	<u>(446,378)</u>
Other Financing Sources (Uses)				
Loan Proceeds	123,572			123,572
Transfers In	1,460,804	163,968		1,624,772
Transfers Out	(1,458,260)		(87,597)	(1,545,857)
<i>Total Other Financing Sources (Uses)</i>	<u>126,116</u>	<u>163,968</u>	<u>(87,597)</u>	<u>202,487</u>
<i>Net Change in Fund Balances</i>	(257,818)	12,502	1,425	(243,891)
<i>Fund Balances - Beginning</i>	<u>1,104,602</u>	<u>23,375</u>	<u>68,666</u>	<u>1,196,643</u>
<i>Fund Balances - Ending</i>	<u>\$ 846,784</u>	<u>\$ 35,877</u>	<u>\$ 70,091</u>	<u>\$ 952,752</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Reconciliation of Governmental Fund and Government-Wide Financial Statements
Governmental Funds - Modified Cash Basis
June 30, 2013

Reconciliation to Statement of Net Assets:

Fund balances of governmental funds	\$ 952,752
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds:	
Capital assets	7,513,878
Accumulated depreciation	(2,825,070)
Note issue costs, net	0
Some liabilities are not due and payable in the current period and, therefore are not reported in the funds:	
Capital lease obligation	(94,713)
State obligation payable	(18,426)
General obligation bonds payable	<u>(1,140,000)</u>
Net assets of governmental activities	\$ <u><u>4,388,421</u></u>

Reconciliation to Statement of Activities:

Net change in fund balances of governmental funds	\$ (243,891)
Amounts reported for governmental activities on the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	926,136
Depreciation expense	(254,792)
Revenues in the Statements of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Donated capital assets	2,778
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Note proceeds, net	(123,572)
Capital debt obligation payments	35,567
State obligation payable	2,544
General obligation bonds principal payments	<u>45,000</u>
Change in net assets of governmental activities	\$ <u><u>389,770</u></u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Net Position
Proprietary Funds - Modified Cash Basis
June 30, 2013

	Enterprise Funds		
	Noble Utilities Authority	Non-Major Enterprise Fund	Total Proprietary Funds
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 470,215	\$	\$ 470,215
Restricted Cash and Cash Equivalents	381,563	7,086	388,650
Due from Other Funds	131	200	331
<i>Total Current Assets</i>	<u>851,909</u>	<u>7,286</u>	<u>859,196</u>
Noncurrent Assets:			
Restricted Investments	-	92,000	92,000
Capitalized Interest	49,050		49,050
Land and Other Non-depreciable Assets	73,500		73,500
Other Capital Assets, net of depreciation	4,910,120		4,910,120
Note Issue Costs, net of accumulated amortization			-
<i>Total Noncurrent Assets</i>	<u>5,032,670</u>	<u>92,000</u>	<u>5,124,670</u>
<i>Total Assets</i>	<u>5,884,579</u>	<u>99,286</u>	<u>5,983,866</u>
<u>Liabilities</u>			
Current Liabilities:			
Encumbrances Payable	136,684		136,684
Payroll Withholding Payable	382		382
Due to Other Funds	2,906		2,906
Due to Depositors		97,286	97,286
Notes Payable	402,006		402,006
<i>Total Current Liabilities</i>	<u>541,978</u>	<u>97,286</u>	<u>639,264</u>
Noncurrent Liabilities:			
Notes Payable	2,565,270	-	2,565,270
<i>Total Noncurrent Liabilities</i>	<u>2,565,270</u>	<u>-</u>	<u>2,565,270</u>
<i>Total Liabilities</i>	<u>3,107,248</u>	<u>97,286</u>	<u>3,204,534</u>
<u>Net Position</u>			
Invested in Capital Assets, net of related debt	2,065,394	-	2,065,394
Restricted for Debt Service	368,310	-	368,310
Restricted for Capital Improvements	13,253		13,253
Unrestricted	330,374	2,000	332,374
<i>Total Net Position</i>	<u>\$ 2,777,331</u>	<u>\$ 2,000</u>	<u>\$ 2,779,331</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds - Modified Cash Basis
For the Year Ending June 30, 2013

	<u>Enterprise Funds</u>		
	<u>Noble Utilities Authority</u>	<u>Non-Major Enterprise Fund</u>	<u>Total Proprietary Funds</u>
Operating Revenues			
Charges for Services:			
Pledged:			
Water revenue	\$ 802,184	\$	\$ 802,184
Sewer revenue	473,614		473,614
Penalties	37,357		37,357
Miscellaneous fees	46,593		46,593
Unpledged:			
Sanitation revenue	544,598		544,598
<i>Total Operating Revenues</i>	<u>1,904,346</u>	<u>-</u>	<u>1,904,346</u>
Operating Expenses			
Administration	101,971		101,971
General Government	228,762		228,762
Water operations	323,402		323,402
Sewer operations	177,927		177,927
Sanitation operations	316,886		316,886
Depreciation expense	179,280		179,280
<i>Total Operating Expenses</i>	<u>1,328,228</u>	<u>-</u>	<u>1,328,228</u>
<i>Operating Income (Loss)</i>	<u>576,118</u>	<u>-</u>	<u>576,118</u>
Nonoperating Revenues (Expenses)			
Investment income	3,118		3,118
Interest expense	(127,781)		(127,781)
Grant revenue			-
Miscellaneous revenue	15,112		15,112
Trustee fees	(16,960)		(16,960)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>(126,511)</u>	<u>-</u>	<u>(126,511)</u>
Net Income (Loss) Before Contributions and Transfers	449,607	-	449,607
Contributed Capital			-
Contribution Expense			-
Pledged as security for revenue notes:			
Transfer In - Sales Tax			-
Transfers In	1,458,260		1,458,260
Transfers Out	(1,537,175)		(1,537,175)
<i>Change in Net Position</i>	<u>370,692</u>	<u>-</u>	<u>370,692</u>
<i>Net Position - Beginning</i>	<u>2,458,719</u>	<u>2,000</u>	<u>2,460,719</u>
<i>Prior Period Adjustment</i>	<u>(52,080)</u>		<u>(52,080)</u>
<i>Net Position - Beginning - Restated</i>	<u>2,406,639</u>	<u>2,000</u>	<u>2,408,639</u>
<i>Net Position - Ending</i>	<u>\$ 2,777,331</u>	<u>\$ 2,000</u>	<u>\$ 2,779,331</u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Statement of Cash Flows
Proprietary Funds - Modified Cash Basis
For the Year Ending June 30, 2013

	Enterprise Funds		
	Noble Utilities Authority	Non-Major Enterprise Fund	Total Proprietary Funds
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,904,346	\$	\$ 1,904,346
Employees Paid	(397,420)		
Vendors and others paid	(619,422)		(619,422)
Customer meter deposits receipts/refunds		2,298	2,298
Other receipts (payments)			-
<i>Net Cash Provided by Operating Activities</i>	<u>887,504</u>	<u>2,298</u>	<u>1,287,222</u>
Cash Flows From Noncapital Financing Activities			
Miscellaneous revenues	15,111		15,111
Grants			-
Transfers from other funds	1,455,716		1,455,716
Transfers to other funds	(1,531,389)		(1,531,389)
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>(60,562)</u>	<u>-</u>	<u>(60,562)</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(485,699)		(485,699)
Loan Proceeds	317,590		317,590
Principal paid on debt	(417,418)		(417,418)
Fiscal charges paid on debt	(16,960)		(16,960)
Interest paid on debt	(82,802)		(82,802)
<i>Net Cash Provided by (used in) Capital and Related Financing Activities</i>	<u>(685,289)</u>	<u>-</u>	<u>(685,289)</u>
Cash Flows From Investing Activities			
Interest received	3,118		3,118
Increase in investments			-
<i>Net Cash Provided by Investing Activities</i>	<u>3,118</u>	<u>-</u>	<u>3,118</u>
<i>Net Increase in Cash and Cash Equivalents</i>	144,771	2,298	147,069
<i>Balance - Beginning of the Year</i>	<u>707,007</u>	<u>4,788</u>	<u>711,795</u>
<i>Balance - End of the Year</i>	<u><u>851,778</u></u>	<u><u>7,086</u></u>	<u><u>858,864</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	576,118	-	576,118
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	179,280		179,280
Changes in assets and liabilities:			
Encumbrances payable	132,106		132,106
Due to depositors		2,298	2,298
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$ 887,504</u></u>	<u><u>\$ 2,298</u></u>	<u><u>\$ 889,802</u></u>

See accompanying notes to basic financial statements.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

Note 1 - Summary of Significant Accounting Policies

1.A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Noble), its blended and discretely presented component units. This report includes all activities for which the City of Noble's City Council is fiscally responsible. In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and Statement No. 61 "The Financial Reporting Entity: Omnibus" and includes all component units for which the City is financially accountable.

The City of Noble – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Noble is an incorporated municipality with a population of approximately 6,400 located in central Oklahoma. The City is a Council/Manager form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a five-member governing body of which the council members are elected by wards and the mayor is elected by the citizens at large
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

Blended Component Units

Noble Utilities Authority - The trust has as its purpose to finance, develop, and operate the utility services and physical facilities (NUA).

Noble Economic Development Authority - The trust has as its purpose to stimulate economic growth and development of the beneficiary City (NEDA). The NEDA is financially inactive.

The component unit is a Public Trust established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets, which are acquired or constructed with Authority debt, or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

The NUA has the City Council as heir governing body (trustee) and the City is able to impose its will on the Authority through required approval of all debt obligations issued by these entities.

As required by state law, all debt obligations incurred by the NUA must be approved by two-third vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City's financial reporting entity. The public trust does not issue separate annual financial statements.

CITY OF NOBLE, OKLAHOMA

Notes To Basic Financial Statements

For the Year Ended June 30, 2013

Noble EMS District - The Noble EMS District was formed under the provisions of the Oklahoma Constitution, Article 10, Section 9C for the purpose of providing ambulance service within a district comprised of the municipal limits of the City of Noble, Oklahoma.

The Noble EMS District and the City of Noble entered into an agreement in October 5, 2009 whereas the City agrees to account for ambulance revenues and expenses, to provide space for medical technicians, vehicles, equipment and supplies, to contract for lease purchase of ambulance vehicles and equipment, to provide training and uniforms for EMS technicians, to provide dispatcher service, and to provide office help. The District agrees to delegate to the City all hiring authority, to determine what level of ambulance service will be provided, to prepare the fiscal year budget and to issue bonds, if needed. All revenue from the district is given to the City's EMS Fund and the City bills and makes all decisions related the ambulance operations.

Discretely Presented Component Unit

Noble Economic Development Authority - The trust has as its purpose to stimulate economic growth and development of the beneficiary City (NEDA). The NEDA is financially inactive. Since it has no activity no financial information is reported on the NEDA.

1.B. Basis of Presentation

Government-Wide Financial Statements - The Statement of Net Position and Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

1.C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures/expenses are recognized and reported in the financial statements. This relates to the timing of the revenues, expenditures/expenses regardless of the measurement focus applied. Measurement focus identifies which transactions and events should be recorded. In the governmental fund financial statements, a current financial resources measurement focus is applied. In the government-wide Statement of Net Position and the Statement of Activities, and the proprietary funds, an economic resources measurement focus is applied.

Both governmental and business-type activities in the government-wide financial statements and the fund financial statements are presented using a modified cash basis of accounting. This modified cash basis of

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- capital assets and the depreciation of those assets, where applicable
- long-term debt
- cash-based interfund receivables and payables, if any
- investments and other deposits
- encumbrances payable
- utility deposit liabilities

This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the City used the basis of accounting required by generally accepted accounting principles, the fund financial statements for governmental funds would use the modified accrual basis of accounting and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting. Under the modified accrual basis of accounting, revenues would be recognized when susceptible to accrual (i.e. both measurable and available) and expenditures would be recorded when the current liability is incurred. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

Program revenues within the statement of activities are derived from each activity or from parties outside the City's taxpayers. The City has the following program revenues in each activity:

- Public Safety: EMS runs, police fines and grants
- Streets: Gas excise, commercial vehicle taxes, street lights and operating and capital grants
- General Government: license and permits and operating and capital grants
- Parks: Rentals and operating and capital grants

The City reports the following funds:

Governmental Funds

Major Governmental Funds:

- General Fund - is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds: are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

- Noble EMS Fund - accounts for emergency medical service activities.
- Noble EMS District - accounts for emergency medical service activities (blended component unit). The district receives voter approved ad valorem taxes for operations and

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

has debt funded from voter approved ad valorem taxes. It operations are handled by the City and it contracts with the City handle the EMS operations. Therefore the operation ad valorem tax is transferred to the City EMS fund.

Proprietary Funds

Enterprise funds: are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Noble Utility Authority enterprise fund and the related meter deposit fund. This fund accounts for activities of the public trust in providing water, wastewater and sanitation services to the public.

Major Enterprise Funds:

- Noble Utilities Authority – that operates the water, sewer, and sanitation services of the City (blended component unit).

Non-Major Enterprise Funds:

- Meter Fund - accounts for refundable water meter deposits.

The City's policy is to eliminate interfund transfers and balances in the statement of activities and net assets to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All of the above funds are legally required to adopt annual budgets or appropriations. The public trust (or Authority) is not required to adopt legal annual appropriations. While each trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

1.D. Assets, Liabilities and Fund Equity

Cash, Cash Equivalentss and Investments - The City's cash and cash equivalents are considered to be cash on hand, demand deposit accounts, interest bearing checking accounts and time deposit accounts including certificates of deposit with maturities of three months or less from the date of acquisition. Also open-end government mutual funds.

Investments for the City, as well as for its component units, are reported at cost.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

Deposits with Insurance Pool - Typically past refunds or interest earnings left on deposit with the Workers Compensation Insurance Plan to be disbursed upon instruction by the City of Noble. This deposit is held in escrow by the insurance pool and is invested. It is included in the cash and cash equivalents.

Restricted Assets - Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to customer utility deposits and trustee accounts restricted for debt service and capital improvements.

Capital Assets – The accounting treatment of property, plant and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements. In the government-wide statements and proprietary fund financial statements, capital assets are accounted for as capital assets, net of accumulated depreciation where applicable. In governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, construction in progress, buildings, improvements, utility property/improvements, vehicles and equipment, surplus property and infrastructure. Recorded assets are reported at actual or estimated historical cost. A capitalization threshold of \$2,000 is used to report capital assets. Donated capital assets are recorded at estimated fair market value at the date of donation. Estimated historical cost was used to value the majority of the assets, including infrastructure assets (such as roads, bridges, traffic systems) acquired prior to July 1, 2003. However, the infrastructure assets related to the current debt of the City and the Authority as of June 30, 2004 have been capitalized based upon the original bond issue cost or other debt. Infrastructure assets acquired since July 1, 2003 are recorded at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The depreciable capital assets are depreciated on a straight-line basis over the assets' estimated useful lives. The range of estimated useful lives by type of asset is as follows:

- Buildings 40 years
- Improvements other than buildings 20 years
- Vehicles and equipment 10 years
- Utility property and improvements 40-50 years
- General Infrastructure 15-50 years

Due to Depositors - Represents the funds received from customers for their water utility deposits. These deposits are refunded or credited to the customer upon termination of the utility service and payment of all charges due and connected with the service. Effective August 2000, utility customers having a five-year history of good payment are eligible for a refund of their deposit.

Police Bond Liability - Represents municipal court bonds held for individuals awaiting court dates.

Long-Term Obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

debt proceeds are reported as other financing sources and payment of principal and interest reported as debt service expenditures.

Compensated Absences – As a result of the use of the modified cash basis of accounting, accrued liabilities related to compensated absences (accumulated but unused vacation leave and compensatory time earned but unpaid at year-end), are not reflected in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences has been reported as a commitment in Note 4.C.

Fund Balances and Net Assets –

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. The Town's highest level of decision-making authority is made by ordinance while the MMA's highest level of decision-making authority is made by resolution.
- d. Assigned – includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Town council action or management decision when the Town council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The only exception to this policy is for assigned interest income in governmental funds other than the General Fund to be spent prior to restricted fund balance. In those funds, interest income is used first before other revenues.

Net Position:

Net assets are displayed in three components:

- a. *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds,

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.

- b. *Restricted net assets* – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the City’s policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

1.E. Sales Tax Revenue

Sales Tax - The City presently levies a four-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The sales tax recorded is allocated one hundred percent to the General Fund. The City has pledged the four-cent sales tax to secure debt service payments in the Noble Utilities Authority. The sales tax is transferred to NUA each month. The Authority has the right to return to the City any part of the appropriated sales tax, if there is no event of default. For the year ended June 30, 2013, the City of Noble transferred sales tax of \$1,458,260 to NUA and NUA transferred \$1,458,260 back to the General Fund of the City of Noble to be used by the City.

1.F. Property Tax Revenue

Property Tax - Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by the voters. At present time the City levies a property tax to fund the annual debt service requirements of the 2012 Street Improvement General Obligation Bonds. The Noble EMS District levies a property tax to fund the annual debt service requirements of the 2006 Noble Emergency Medical Service District General Obligation Bonds. The EMS District also levies 3.08 mills for the operation of the EMS services in the District.

The property tax levy, as determined by the City and the Noble EMS District’s debt service needs, is submitted to the county excise board for approval. The county assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1; the county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

1.G. Use of Estimates

In preparing the City of Noble’s financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Depreciation is an estimate of the allocation of the cost of assets over its estimated useful life.

Note 2 – Stewardship, Compliance, and Accountability

2.A. Budgetary Information

The city manager submits an annual budget to the City Council in accordance with the Oklahoma Municipal Budget Act. In June the City Council adopts annual fiscal year appropriated budgets for all city funds.

The appropriated budget is prepared by fund, department and categories (personal services, materials and supplies, other services and charges, capital outlay, debt service and transfers). Transfers of appropriations between departments within a fund require the approval of the City Manager. Transfers of appropriations between funds and supplements to the budget require City Council approval. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The Sinking Fund and Emergency Medical Service Board estimate of needs must be filed with the county excise board.

Note 3 – Detailed Notes on all Funds

3.A. Deposits and Investments Risk

At June 30, 2013, the reporting entity had the following deposits and investments:

<u>Type of Deposits and Investments</u>			<u>Carrying Value</u>
Deposits:			
Petty Cash			\$ 150
Demand deposits			1,831,018
Demand deposits-Agency Fund			2,042
OMAG Escrow			14,430
Time Deposits			<u>92,000</u>
Total Deposits			<u>\$ 1,939,640</u>
Investments:			
	<u>Maturities</u>	<u>Credit Rating</u>	
Open End Mutual Fund – (American Performance U.S. Treasury)	N/A	AAA	<u>\$ 19,888</u>
Total Deposits and Investments			<u>\$ 1,959,528</u>

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a written deposit policy for custodial credit risk, but *Oklahoma Statutes* requires collateral for all uninsured deposits of municipal funds in financial institutions. As of June 30, 2013, the City was exposed to custodial credit risk. The money market mutual funds are not insured or guaranteed by the FDIC or any other government agency. The other City accounts were fully collateralized at June 30, 2013.

Investment Credit Risk – The City does not have a written investment policy that limits its investment choices other than the limitations stated in the *Oklahoma Statutes*. *Oklahoma Statutes* allow the City to

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

invest in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposits or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgements, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district; and government money market funds regulated by the SEC. Public trusts created under O.S. Title 60, are not subject to the above investment limitations and are primarily governed by any restrictions in their trust or note indenture. The City's only marketable investments at June 30, 2013 consisted of \$19,887.54 in open ended mutual funds invested in U.S. Treasury securities with a Standard & Poor's credit rating of AAA.

Investment Interest Rate Risk – The City does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's only investments are in open ended mutual funds with available on demand. All certificates of deposit have maturities no later than April 2013.

Concentration of Credit Risk – The City places no limit on the amount it may invest in any one issuer.

3.B. Restricted Assets

The amounts reported as restricted assets consist of cash and investments held for the expenditure of bond proceeds and payment of bonds related to GO Bonds, amounts held by the trustee bank on behalf of the Noble Utilities Authority related to its required revenue bond accounts and amounts due to depositors related to utility deposits. The restricted assets as of June 30, 2013 were as follows:

<u>Type of Restricted Assets</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Water Project 2011	13,253	-
Customer Utility Deposits	7,086	92,000
Revenue Bonds Account	348,423	-
Trustee Accounts:	-	-
Note – GO Bond	19,603	-
Note Interest Fund	123	-
Note Principal Fund	162	-
Total Restricted Assets	<u>\$1,001,018</u>	<u>\$ 92,000</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

3.C. Capital Assets

Capital asset activity resulting from modified cash basis transactions for the fiscal year ended June 30, 2013 was as follows:

	Balance 6/30/12	Additions	Disposals	Balance 6/30/13
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 364,578	\$ -	\$ -	\$ 364,578
Construction in progress	0	0	0	-
Total capital assets, not being depreciated	<u>364,578</u>	<u>0</u>	<u>0</u>	<u>364,578</u>
Capital assets, being depreciated:				
Buildings	2,268,458	2,295	-	2,270,753
Other improvements	347,458	-	-	347,458
Vehicles and equipment	1,725,807	167,416	-	1,893,224
Surplus property	192,715	-	-	192,715
Infrastructure	<u>1,682,323</u>	<u>762,828</u>	<u>-</u>	<u>2,445,150</u>
Total capital assets, being depreciated	<u>6,216,761</u>	<u>932,539</u>	<u>-</u>	<u>7,149,300</u>
Less accumulated depreciation for:				
Buildings	786,779	55,721	-	842,500
Other improvements	83,114	12,010	-	95,124
Vehicles and equipment	1,031,382	137,776	-	1,169,158
Surplus property	185,865	-	-	185,865
Infrastructure	<u>483,138</u>	<u>49,285</u>	<u>-</u>	<u>532,423</u>
Total accumulated depreciation	<u>2,570,278</u>	<u>254,792</u>	<u>-</u>	<u>2,825,070</u>
Total capital assets, being depreciated, net	<u>3,646,483</u>	<u>677,747</u>	<u>-</u>	<u>4,324,230</u>
Governmental activities capital assets, net	<u>\$ 4,011,061</u>	<u>\$ 677,747</u>	<u>\$ -</u>	<u>\$ 4,688,808</u>
	Balance 6/30/12	Additions	Disposals	Balance 6/30/13
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land	\$ 73,500	\$ -	\$ -	\$ 73,500
Construction in progress	<u>563,957</u>	<u>-</u>	<u>563,957</u>	<u>-</u>
Total capital assets, not being depreciated	<u>637,957</u>	<u>-</u>	<u>563,957</u>	<u>73,500</u>
Capital assets, being depreciated:				
Buildings	42,292	-	-	42,292
Utility property/improvements	5,477,175	881,547	-	6,358,722
Surplus property	57,679	-	-	57,679
Vehicles and equipment	<u>244,438</u>	<u>168,109</u>	<u>-</u>	<u>412,547</u>
Total capital assets, being depreciated	<u>5,821,584</u>	<u>1,049,656</u>	<u>-</u>	<u>6,871,240</u>
Less accumulated depreciation:				
Buildings	31,478	420	-	31,898
Utility property/improvements	1,578,920	155,242	-	1,734,162
Surplus property	57,679	-	-	57,679
Vehicles and equipment	<u>113,763</u>	<u>23,617</u>	<u>-</u>	<u>137,380</u>
Total accumulated depreciation	<u>1,781,840</u>	<u>179,279</u>	<u>-</u>	<u>1,961,119</u>
Total capital assets, being depreciated, net	<u>4,039,743</u>	<u>870,377</u>	<u>-</u>	<u>4,910,120</u>
Business-type activities capital assets, net	<u>\$ 4,677,200</u>	<u>\$ 870,377</u>	<u>\$ 563,957</u>	<u>\$ 4,983,620</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:

Police	\$ 35,635
Fire/EMS	104,025
General Government	15,556
Library	39,428
Parks	11,434
Streets	<u>48,714</u>

Total depreciation expense for governmental activities	<u>\$ 254,792</u>
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Business-Type Activities:

Water	\$ 82,935
Sewer	<u>96,345</u>

Total depreciation expense for business-type activities	<u>\$ 179,280</u>
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3.D. Long-Term Debt

Governmental Activities - State statutes prohibit the City from incurring any indebtedness or obligations that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. As of June 30, 2013, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

Capital Lease Obligations:

\$7,778 capital debt obligation with Irwin Leasing for digital copier,
payable in monthly installments of \$162, final payment due
January 2014.

\$ 1,136

Current portion	1,136
Non-current portion	<u>0</u>
Total Capital Lease Obligations	<u>\$ 1,136</u>

Capital Lease Obligations:

\$4,500 capital debt obligation with Irwin Leasing for digital copier,
payable in monthly installments of \$125, final payment due
November 2014.

\$ 2,125

Current portion	1,500
Non-current portion	<u>625</u>
Total Capital Lease Obligations	<u>\$ 2,125</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

State Obligation:

The City of Noble entered into an agreement on June 1, 1990 with the Oklahoma Department of Transportation to share in utility relocation costs. The City and State have agreed to a 30-year pay out in which the City remits monthly principal installments of \$212, final payment due September 2020.		<u>\$ 18,426</u>
Current portion		2,544
Non-current portion		<u>15,882</u>
Total State Obligation		<u>\$ 18,426</u>

General Obligation Bonds:

\$1,000,000 Series 2012 General Obligation Bonds due in annual installments of \$70,000, final installment of \$90,000 due June 01, 2027, interest payable semi-annually with interest rates from 2.0% to 3.19% for street improvements		<u>\$1,000,000</u>
Current portion		70,000
Non-current portion		<u>930,000</u>
Total Street GO Bonds		<u>\$1,000,000</u>
\$320,000 Series 2006 Noble Emergency Medical Service District Bonds, due in annual installments of \$45,000, final installment of \$50,000 due November 1, 2015, interest payable semi-annually with interest rates from 4.31% to 4.53% for the benefit of the EMS;		<u>\$ 140,000</u>
Current portion		45,000
Non-current portion		<u>95,000</u>
Total EMS General Obligation Bonds		<u>\$140,000</u>

Business-Type Activities – As of June 30, 2013, the long-term debt, arising from cash transactions, payable from proprietary fund resources consisted of the following:

Capital Lease Obligations:

\$40,044 capital debt obligation with Welch State Bank for a John Deere 5083E, payable in monthly installments of \$1,721, final payment due August 2014.		<u>\$ 3,430</u>
Current portion		3,430
Non-current portion		<u>0</u>
Total Capital Lease Obligations		<u>\$ 3,430</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

Revenue Notes Payable:

2006 CWSRF Promissory Note to OWRB, original issue amount of \$2,540,000, dated March 30, 2006, issued by Noble Utilities Authority, secured by 2 cent sales tax and revenues derived from the operation of the water and sewer system, interest rate of 3.10%, final maturity dated August 1, 2017. 1,880,000

2012 CWSRF Promissory Note to OWRB, original issue amount of \$1,175,000 dated May, 2011 as of the date of closing, issued by Noble Utilities Authority, secured by a pledge of revenues generated by the of the water and sewer system, along with a year-to-year pledge of certain sales tax revenue with an interest rate not to exceed 2.7% fixed interest rate plus a one half percent (1/2%) administration fee, for a term of approximately twenty (20) years. . 1,083,845

Total Revenue Notes Payable \$ 2,963,845

Current portion	398,576
Non-current portion	<u>2,565,269</u>
Total Revenue Notes Payable	<u>\$ 2,963,845</u>

Utility Revenues Pledged

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$2.54 million in a promissory note to OWRB issued March 2006. Proceeds from the note provided financing for the refinancing of the 1997 bonds. Also the new OWRB \$1.175 million promissory note issued 2011. The notes are payable from water and sewer customer net revenues and future sales tax revenue (discussed below) and are payable through 2017. Annual principal and interest payments on the note are expected to require less than 40 percent of net revenues. The total principal and interest remaining to be paid on the notes is \$3,480,282.18. Principal and interest paid for the current year and total customer net revenues were \$365,967 and \$1,359,748, respectively.

Sales Tax Revenues Pledged

The City has pledged future sales tax revenues to repay \$2.54 million in a promissory note to OWRB issued March 2006 and the OWRB \$1.175 million 2011 promissory note. Proceeds from the 2006 note provided financing for the refinancing of the 1997 bonds. The notes are payable from future sales tax revenue. The total principal and interest remaining to be paid on the notes are \$3,480,282.18 payable through 2031. For the current year, principal and interest paid and total sales tax revenues were \$496,523.18 and \$1,458,260 respectively.

Property Tax Revenue Pledged

The City has pledged future property tax revenues to repay two general obligation bonds. One bond is a \$320,000 Series 2006 EMS capital asset bond and the other is a \$1,000,000 Series 2012 street improvement bond. These bonds are payable from future property tax revenue. The total remaining principal and interest to be paid on the bonds totals \$1,361,515 payable through June, 2027. For the current year, principal and interest and total property tax revenues were \$77,482 and \$146,354 respectively.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

Long-term liability activity for the year ended June 30, 2013, was as follows:

	<u>Balance</u> <u>6/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/13</u>	<u>Amount Due</u> <u>Within One Year</u>
Governmental Activities:					
Capital Lease Obligation	\$ 3,083	\$ -	\$ 1,947	\$ 1,136	\$ 1,136
Capital Lease Obligation	3,625	-	1,500	2,125	1,500
State Obligation	20,970	-	2,544	18,426	2,544
Series 2012 GO Bond	1,000,000	-	-	1,000,000	70,000
Capital Lease Obligation	-	123,572	32,120	91,452	29,687
Series 2006 GO Bonds	<u>185,000</u>	<u>-</u>	<u>45,000</u>	<u>140,000</u>	<u>45,000</u>
Total Governmental Activities	<u>\$ 1,212,678</u>	<u>\$ 123,572</u>	<u>\$ 83,111</u>	<u>\$ 1,253,139</u>	<u>\$ 149,867</u>
Business-Type Activities:					
Capital Lease Obligations	\$ 23,652	\$ -	\$ 20,222	\$ 3,430	\$ 3,430
Revenue Notes Payable	<u>3,043,452</u>	<u>317,590</u>	<u>397,196</u>	<u>2,963,845</u>	<u>398,576</u>
Total Business-Type Activities	<u>\$3,067,104</u>	<u>\$ 317,590</u>	<u>\$ 417,418</u>	<u>\$2,967,276</u>	<u>\$ 402,006</u>

The annual debt service requirements to maturity are as follows:

Governmental Activities:	<u>Capital Lease</u> <u>Obligations</u>		<u>State Obligation</u>		<u>GO Bonds</u>	
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	32,323	2,433	2,544	-	115,000	30,205
2015	31,102	1,643	2,544	-	115,000	26,798
2016	31,288	832	2,544	-	120,000	23,252
2017	-	-	2,544	-	70,000	20,720
2018	-	-	-	-	70,000	19,320
2019-2023	-	-	5,706	-	350,000	74,900
2024-2028	-	-	-	-	<u>300,000</u>	<u>26,320</u>
Total	<u>\$ 94,713</u>	<u>\$ 4,908</u>	<u>\$ 18,426</u>	<u>\$ -</u>	<u>\$ 1,140,000</u>	<u>\$ 221,515</u>

Business-Type Activities:	<u>Capital Lease Obligation</u>		<u>Revenue Notes Payable</u>	
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	3,430	13	398,576	87,907
2015	-	-	405,002	75,167
2016	-	-	421,387	62,389
2017	-	-	437,991	48,927
2018	-	-	449,560	35,035
2019-2023	-	-	273,128	118,850
2024-2028	-	-	320,808	71,170
2029-2033	-	-	<u>257,393</u>	<u>16,991</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,963,846</u>	<u>\$ 516,437</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

Interest expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:	
Fire/EMS	\$ 7,583
Streets	<u>24,920</u>
Total	<u>\$ 32,503</u>
Business-Type Activities:	
Water	<u>\$ 127,781</u>

Debt Service Coverage Requirement:

The OWRB debt agreement requires that Net Revenue Available for Debt Service must equal 125% of maximum annual debt service. Actual coverage was met as follows:

	<u>Amount</u>
Net Revenue Available for Debt Service:	
Operating revenues	\$ 1,904,346
Less: Sanitation revenues	(544,598)
Investment income	3,118
Sales tax transfer	<u>1,458,260</u>
Total Gross Revenues Available	2,821,126
Operating expenses	1472,969
Less: Sanitation expenses	(316,886)
Less: Depreciation and Amortization	<u>179,803</u>
Total Operating Expenses	<u>976,803</u>
Net Revenues Available for Debt Service	<u>\$ 1,844,323</u>
Debt Service Requirement:	
Maximum annual debt service	<u>\$ 486,918</u>
Coverage	<u>379%</u>
Coverage Requirement	<u>125%</u>

3.E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013 was as follows:

Interfund Transfers:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	NUA	\$ 1,458,260	To transfer sales tax for debt purposes
NUA	Noble EMS Fund	76,370	Operating subsidy

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

NUA	General Fund	2,544	Operating Subsidy
EMS District	Noble EMS Fund	87,597	To transfer property tax
NUA	General Fund	<u>1,458,260</u>	Return of unused sales tax
		<u>\$ 3,083,031</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,624,772	\$ (1,545,857)	\$ 78,915
Enterprise Funds	<u>1,458,260</u>	<u>(1,537,175)</u>	<u>(78,915)</u>
Total	<u>\$ 3,083,031</u>	<u>\$ (3,083,031)</u>	<u>\$ -</u>

3.A. Fund Equity

The following table shows the fund balance classifications as shown in the Governmental Funds' Balance Sheet in accordance with GASB Statement 54 and Proprietary Fund Statement of Net Position:

	<u>General Fund</u>	<u>Noble EMS</u>	<u>EMS District</u>	<u>Total</u>
Fund Balance:				
Restricted For:				
EMS Sinking			59,911	59,911
EMS Operations			10,180	10,180
G.O. Sinking	71,247			71,247
Street Bond A/C	464,973			464,973
Sub-total Restricted	<u>536,220</u>	<u>-</u>	<u>70,091</u>	<u>606,311</u>
Assigned to:				
EMS Income		35,877		35,877
Juvenile Court	4,015			4,015
	<u>4,015</u>	<u>35,877</u>	<u>-</u>	<u>39,892</u>
Unassigned	<u>306,549</u>			<u>306,549</u>
Total Fund Balance	<u>846,784</u>	<u>35,877</u>	<u>70,091</u>	<u>952,752</u>

Proprietary Funds Restricted:

Water Project Funds	13,253
Debt Service	<u>368,311</u>
Total Proprietary Fund	<u>381,564</u>

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

Note 4 - Other Notes

4.A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability, Fleet Coverage, and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Fire Department Vehicles – Covered through participation in the Risk Management Division of the Department of Central Services, State of Oklahoma self-insurance pool.
- Workers' Compensation – Workers' compensation is covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.
- Employee's Group Medical – Covered through purchase of commercial insurance.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claim reserves and other purposes for the benefit of the city. Management believes the insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City, and such claims have not exceeded the coverage over the past three years.

4.B. Contingencies

Federal and State Award Programs - The City of Noble participates in various federal and state grant/loan programs from year to year. Amounts received or receivable from grantor agencies are often subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Litigation - The City is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include accrual or provision for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court-assessed judgement rendered against the City. This provision is not applicable to authorities or public trusts. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgements, the City feels that any settlement or judgement not covered by insurance would not have a material adverse effect on the financial condition of the City.

DEQ Consent Order – At June 30, 2013, the Noble Utilities Authority was under one DEQ Consent Order as follows:

Case #08-056 – Wastewater Discharge – An engineering report that outlines the wastewater collection system upgrades necessary to eliminate the unpermitted discharges by the City was submitted to DEQ by December 31, 2009, as required. This City currently has a capital improvement project underway in full compliance. DEQ has agreed with our plan of action. The treatment equipment is included in the 2013-14 budget.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

4.C. Commitments

Compensated Absences – As a result of the City’s use of the modified cash basis of accounting, accrued liabilities related to compensated absences (accumulated but unused vacation leave, compensatory time earned but unpaid at year-end, and banked holiday also fire and police sick leave) are not reflected in the financial statements. Governmental funds obligation for accrued compensated absences is \$228,658, while the General Fund unassigned fund balance is \$306,549 at June 30, 2013. Proprietary funds obligation for accrued compensated absences is \$21,078, while the NUA unreserved fund balance is \$233,287 at June 30, 2013.

4.D. Employee Pension Plans

The City of Noble participates in three pension or retirement plans:

1. Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement Fund (OMRF) – an agent multiple-employer defined benefit plan

Firefighters’ Retirement Plan – Pursuant to the requirements of Title 11, section 22-102, the City of Noble participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighter’s Pension and Retirement System (OFPRS) on behalf of both paid and volunteer firefighters. The City has no responsibility or authority for the operation and administration of the pension program nor has it any related liability, except for the current contribution requirements.

The contribution rates for the City and its employees are established by Statute. The City is required to contribute 13% for the year ended June 30, 2013. Participating members are required to contribute 8%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Schedule of Retirement Plan Contributions – OFPRS

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2008	\$72,109	\$72,109
2009	\$74,966	\$74,966
2010	\$75,641	\$75,641
2011	\$75,963	\$75,963
2012	\$83,313	\$83,313
2013	\$68,282	\$68,282

Policemen’s Retirement Plan - The City of Noble participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS) on behalf of paid officers. The City has no responsibility or authority for the operation and administration of the pension program nor has it any related liability, except for the current contribution requirements.

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

The contribution rates for the City and its employees are established by Statute. The City is required to contribute 13% for the year ended June 30, 2013. Participating members are required to contribute 8%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS issues a publicly available financial report that includes financial statements. That report may be obtained by writing to OPPRS, 1001 NW 63rd Street, Suite 605, Oklahoma City, OK 73116-7335.

Schedule of Retirement Plan Contributions – OPPRS

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2008	\$27,229	\$27,229
2009	\$36,223	\$36,223
2010	\$39,146	\$39,146
2011	\$38,423	\$38,423
2012	\$41,833	\$41,833
2013	\$40,374	\$40,374

Municipal Retirement Plan - The City of Noble and its employees participate in an agent multiple employer defined pension plan through the Oklahoma Municipal Retirement Fund (OMRF). All regular full time employees, except those covered under another retirement system, are eligible. Employees are vested at 5 years. The City's OMRF defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The OMRF System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OMRF, P.O. Box 25848, Oklahoma City, OK 73125 or by calling 1-888-394-6673.

Funding Policy - The contribution requirements of City of Noble and employees are established and may be amended by the OMRF board. Employees are required to contribute 3.35% of their annual covered salary. City of Noble is required to contribute at an actuarially determined rate; the rate at June 30, 2013 is 12.58% of covered payroll.

Annual Pension Cost - For 2012-13, the City of Noble's annual pension cost of \$93,282 for the OMRF plan was equal to the required and actual contributions. The required contribution was determined as part of the March, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return, and (b) projected salary increases due to age/seniority, compounded annually.

Schedule of Retirement Plan Contributions – OMRF Defined Benefit Plan

<u>Fiscal Year</u>	<u>Actuarial Required Contribution</u>	<u>Percentage Contributed</u>	<u>Pension Benefit Obligation</u>
2008	\$47,316	100%	\$0
2009	\$54,358	100%	\$0
2010	\$65,676	100%	\$0
2011	\$69,180	100%	\$0
2012	\$69,882	100%	\$0
2013	\$65,677	100%	\$0

CITY OF NOBLE, OKLAHOMA
Notes To Basic Financial Statements
For the Year Ended June 30, 2013

Funding Status and Funding Progress – As of January 1, 2013, the most recent actuarial valuation date, the plan was 80 percent funded. The actuarial accrued liability for benefits was \$1,444,636, and the actuarial value of assets was \$1,157,827 (80.1% funded), resulting in an unfunded actuarial accrued liability (UAAL) of \$286,809. The covered payroll (total annualized rate of pay as of the valuation date based on actual pay for the preceding year) was \$685,418, and the ratio of the UAAL to the covered payroll was 41.8 percent. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4.E. Prior Period Restatements

In the NUA there were the following prior period adjustments:

Prior Year Net Position	\$2,458,718
GASB Change in Issuance Cost (No longer an asset)	<u>(52,080)</u>
Adjusted beginning Net Position	<u>\$2,406,639</u>

In the Government Funds government-wide statements the following prior period adjustments were made:

Prior Year Net Position	\$4,032,217
GASB Change in Issuance Cost (No longer an asset)	<u>(33,566)</u>
Adjusted beginning Net Position	<u>\$3,998,651</u>

OTHER INFORMATION

CITY OF NOBLE, OKLAHOMA
Oklahoma Municipal Retirement Fund
Unaudited Schedule of Funding Progress
June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets <u>a</u>	Acctuarial Accrued Liability(AAL) - Entry Age <u>b</u>	Unfunded AAL (UAAL) <u>b-a</u>	Funded Ratio <u>a/b</u>	Covered Payroll <u>c</u>	UAAL as a Percentage of Covered Payroll <u>(b-a)/c</u>
1/1/08	\$ 796,243	\$ 933,313	\$ 137,069	85.3%	\$ 604,099	22.7%
1/1/09	\$ 758,642	\$ 998,127	\$ 239,485	76.0%	\$ 660,183	36.3%
1/1/10	\$ 831,410	\$1,119,459	\$ 288,050	74.3%	\$ 671,733	42.9%
1/1/11	\$ 922,273	\$1,229,421	\$ 307,149	75.0%	\$ 706,190	43.5%
1/1/12	\$1,020,839	\$1,346,351	\$ 325,512	76.0%	\$ 667,450	48.8%
1/1/13	\$1,157,827	\$1,444,630	\$ 286,809	80.1%	\$ 685,418	41.8%

The schedule of funding progress presented above presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF NOBLE, OKLAHOMA
Schedule of Federal and State Awards
Modified Cash Basis
For the Year Ending June 30, 2013

<u>Grantor/Program Title</u>		<u>Award Amount</u>	<u>Current Year Revenues</u>	<u>Current Year Expenditures</u>
Federal Awards:				
Department of Commerce	CDBG 15175	\$ 67,500	\$ -	\$ -
Department of Justice - Bulletproof Vest		1,365	1,365	1,365
FEMA- SLA		12,500	12,500	2,623
Department of Transportation	SRTS	200,000	10,000	-
		<hr/>	<hr/>	<hr/>
Total Federal Awards		\$ <u>281,365</u>	\$ <u>23,865</u>	\$ <u>3,988</u>
 State Awards:				
Oklahoma Tobacco Settlement		\$ 25,000	\$ 25,000	\$ -
Department of Agriculture - Fire		4,484	4,484	4,484
Department of Transportation - Pass Through	Water/Sewer	428,009	219,291	219,291
		<hr/>	<hr/>	<hr/>
Total State Awards		\$ <u>457,493</u>	\$ <u>248,775</u>	\$ <u>223,775</u>

INTERNAL CONTROL AND COMPLIANCE INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE ACCOMPANYING FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the City Council
City of Noble, Oklahoma

We have audited audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Noble, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 30, 2013. The report was a special report on the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not find any deficiencies that were considered to be material weaknesses.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not find any deficiencies that we considered to be significant deficiencies.

Compliance and Other Matters

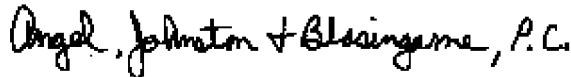
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Noble's Responses to Findings

If there were findings and/or questioned cost noted in the audit the City would have responded to the findings. The City was not required to respond since there were no findings.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Chickasha, Oklahoma
October 30, 2013

**CITY OF NOBLE, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

There were no findings or question costs noted in the 2012-13 audit.

**CITY OF NOBLE, OKLAHOMA
DISPOSITION OF THE PRIOR YEAR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

- 11-1. Criteria – All expenditures should be encumbered with a purchase order at the beginning of the purchasing process.

Condition – We noticed a payment over \$32,000 in July 2012 for an expense incurred in May 2012. We also noted some purchase order that were dated after the invoice dates.

Cause – Process was not fully implemented and monitored.

Effect – An expense is record in the incorrect budget year. Also it is possible purchases could be made that exceed budgeted line items.

Recommendation – Enhance monitoring of the purchase order process.

Management response — Management agrees.

Disposition—This was not a finding located in the 2012-13 audit.

- 11-2. Criteria – New utility rates were adopted for implementation August 1, 2011.

Condition – We tested a residential customer billing for August 211 and noted the new rates had not been implemented. It was implemented in the following month.

Cause – Staff did not meet the time constraints for implementing the new rates.

Effect – Customers were under billed for August of 2011.

Recommendation – Be sure and make the updates on a timely basis. Longer lead times may be required to ensure timely implementation.

Management—Management agrees.

Disposition—This is not a finding located in the 201-13 audit.

**CITY OF NOBLE, OKLAHOMA
DISPOSITION OF THE PRIOR YEAR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

11-3 Criteria – OMB Circular A-133 states that the City should prepare the schedule of expenditures of federal awards. The auditor should determine whether the schedule is presented fairly.

Condition – Prior to our arrival a formal schedule of federal awards expenditures was not prepared by the City. We assisted in the preparation.

Questioned Cost – None.

Cause – There has been no formal procedure established to track the application of OMB Circular A-133 as it relates to the schedule of federal awards.

Effect – Independence in the preparation of the schedule becomes more difficult. This also increases the likelihood that not expenditures are identified.

Recommendation – Establish procedures to prepare the yearend expenditure report prior to the start of the audit process.

Management response – Management agrees.

Disposition—This is not a finding located in the 2012-13 audit.